

**Schreiber & Schreiber**  
Certified Public Accountants



## **Overview of 2015 Income and Estate Tax Issues**

NO Estate Planning Council  
January 12, 2015



CPA America Counts on CPAs®

1

## **Topics for Today**

- **ABLE (Achieving a Better Life Experience) Accounts**
- **Current Developments**
- **2014 ACA changes to Form 1040**
- **2015 Estate, Gift, GST Exemptions**
- **Individual Income Tax Issues**
- **.9% Additional Medicare Tax**
- **Net Investment Income Tax**
- **Planning Considerations**

2

### **Achieving a Better Life Experience (ABLE) Act**

- For tax years beginning after Dec. 31, 2014, TIPA allows states to establish tax-exempt “Achieving a Better Life Experience” (ABLE) accounts to assist persons with disabilities in building an account to pay for qualified disability expenses.
- Similar to a Qualified Tuition Program, a tax exemption would be allowed for an ABLE program; amounts in an ABLE account would accumulate on a tax-exempt (or, in some cases, tax-deferred) basis.

3

### **General Rules**

- A qualified ABLE account is generally exempt.
- A “qualified ABLE program” is subject to the excise tax on non-plan tax-exempt entities that are parties to prohibited tax shelter transactions and subsequently listed transactions.
- Any person may make contributions to an ABLE account.
- Contributions to an ABLE account are not deductible for income tax purposes.

4

## **Current Developments**

5

### **One IRA Rollover Per Year Rule**

- An individual receiving an IRA distribution on or after Jan. 1, 2015, cannot roll over any portion of the distribution into an IRA if the individual has received a distribution from any IRA in the preceding 1-year period that was rolled over into an IRA.
- Under previous rules, the one-rollover-per-year limitation in Code Sec. 408(d)(3) applied on an IRA-by-IRA basis.
- The change was precipitated by the Tax Court's decision in *Bobrow*, TC Memo 2014-21 TC Memo 2014-21, that the limitation applies on an aggregate basis, meaning that an individual could not make more than one nontaxable 60-day rollover within each 1-year period even if the rollovers involved different IRAs.

6

## One IRA Rollover Per Year Rule-Continued

- As a transition rule for distributions in 2015, a distribution occurring in 2014 that was rolled over is disregarded for purposes of determining whether a 2015 distribution can be rolled over under Code Sec. 408(d)(3), provided that the 2015 distribution is from a different IRA that neither made nor received the 2014 distribution.
- The *Bobrow* aggregation rule, which takes into account all distributions and rollovers among an individual's IRAs, will apply to distributions from different IRAs only if each of the distributions occurs after 2014.
- Announcement 2014-32, 2014-48 IRB; IR 2014-107

7

## Single Distribution Rule for Retirement Plans Notice 2014-54

- Beginning Jan. 1, 2015, when qualified plan participants choose to direct their retirement plan distribution to go to multiple destinations, the amounts will be treated as a single distribution for allocating pre-tax and after-tax basis.
- This change will allow qualified, 403(b) and 457(b) governmental retirement plan participants to:
  - Roll over amounts to both a Roth IRA and a non-Roth IRA;
  - Allocate the pre-tax amount of the distribution to the non-Roth IRA and the after-tax amount to the Roth IRA, and
  - Avoid having to pay income tax on pre-tax amounts rolled over to the non-Roth IRA.

8

### **Single Distribution Rule for Retirement Plans-Continued**

- Under previous rules, each destination of a retirement plan distribution (e.g., a distribution split between a direct rollover to an IRA and an actual distribution of funds) was considered a separate distribution. If a participant's account balance contained both pre-tax and after-tax amounts, each distribution included a pro rata share of both. A participant couldn't choose to transfer the pre-tax amount to a traditional IRA and the after-tax amount to a Roth IRA.
- Transition rules provide that plan sponsors may apply the new allocation rule to distributions made on or after Sept. 18, 2014, and apply a reasonable interpretation of the allocation rules for distributions made before Sept. 18, 2014.

9

### **New Investment Direction Rule for 529 Plans**

- For tax years that begin after Dec. 31, 2014, TIPAA(2014 Tax Act) allows Code Sec. 529 qualified tuition plans (QTPs) to permit investment direction by an account contributor or designated beneficiary up to two times per year.
- Code Section 529(b)(4) provides that a program isn't treated as a qualified tuition plan (QTP) under Code Sec. 529 unless it provides that any contributor to, or designated beneficiary under, the program may not directly or indirectly direct the investment of any contributions to the program (or any earnings on the contributions).

10

## Limit on Electronic Refunds

**Effective January 2015, new IRS procedures limit the number of refunds electronically deposited into a single financial account or pre-paid debit card to three. The fourth and subsequent refunds automatically will convert to a paper refund check and be mailed to the taxpayer. The limit is intended to help combat fraud and identity theft.**

11

## Inflation Adjustment for Certain Civil Penalties

For returns required to be filed after Dec. 31, 2014, TIPA indexes for inflation each calendar year the fixed-dollar civil tax penalties under current law for:

- (1) failure to file a tax return or to pay tax (Code Sec. 6651);
- (2) failure to file certain information returns, registration statements, and certain other statements (Code Sec. 6652);
- (3) failure of a paid preparer to meet certain obligations (Code Sec. 6695);
- (4) failure of a partnership (Code Sec. 6698) or an S corporation (Code Sec. 6699) to file a return; and
- (5) failure to file correct information returns (Code Sec. 6721(f)) and payee statements (Code Sec. 6722(f)).

12

# 2014 Income Tax Returns ACA Changes

Form 1040 (2014) Page 4

<b>38</b>	Amount from line 37 (adjusted gross income)	<b>38</b>	
<b>39a</b>	Check <input type="checkbox"/> You were born before January 2, 1950, <input type="checkbox"/> Blind. Total boxes	<b>39a</b>	
	if: <input type="checkbox"/> Spouse was born before January 2, 1950, <input type="checkbox"/> Blind. checked <input type="checkbox"/> 39a		
<b>b</b>	If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b		
<b>40</b>	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	<b>40</b>	
<b>41</b>	Subtract line 40 from line 38	<b>41</b>	
<b>42</b>	Exemptions. If line 38 is \$152,525 or less, multiply \$3,950 by the number on line 6d. Otherwise, see instructions	<b>42</b>	
<b>43</b>	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	<b>43</b>	
<b>44</b>	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	<b>44</b>	
<b>45</b>	Alternative minimum tax (see instructions). Attach Form 6251	<b>45</b>	
<b>46</b>	Excess advance premium tax credit repayment. Attach Form 8962	<b>46</b>	
<b>47</b>	Add lines 44, 45, and 46	<b>47</b>	
<b>48</b>	Foreign tax credit. Attach Form 1116 if required	<b>48</b>	
<b>49</b>	Credit for child and dependent care expenses. Attach Form 2441	<b>49</b>	
<b>50</b>	Education credits from Form 8863, line 19	<b>50</b>	
<b>51</b>	Retirement savings contributions credit. Attach Form 8880	<b>51</b>	
<b>52</b>	Child tax credit. Attach Schedule 8812, if required	<b>52</b>	
<b>53</b>	Residential energy credits. Attach Form 5695	<b>53</b>	
<b>54</b>	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	<b>54</b>	
<b>55</b>	Add lines 48 through 54. These are your total credits	<b>55</b>	
<b>56</b>	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	<b>56</b>	

**Tax and Credits**

**Standard Deduction for—**

- People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
- All others:
  - Single or Married filing separately, \$6,200
  - Married filing jointly or Qualifying widow(er), \$12,400
  - Head of household, \$9,100

<b>Other Taxes</b>	57	Self-employment tax. Attach Schedule SE . . . . .	57	
	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919 . . . . .	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required . . . . .	59	
	60a	Household employment taxes from Schedule H . . . . .	60a	
	60b	First-time homebuyer credit repayment. Attach Form 5405 if required . . . . .	60b	
<b>Payments</b>	61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/> . . . . .	61	
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) . . . . .	62	
	63	Add lines 56 through 62. This is your <b>total tax</b> . . . . .	63	
	64	Federal income tax withheld from Forms W-2 and 1099 . . . . .	64	
	65	2014 estimated tax payments and amount applied from 2013 return . . . . .	65	
	66a	<b>Earned income credit (EIC)</b> . . . . .	66a	
	66b	Nontaxable combat pay election . . . . .	66b	
	67	Additional child tax credit. Attach Schedule 8812 . . . . .	67	
	68	American opportunity credit from Form 8863, line 8 . . . . .	68	
	69	Net premium tax credit. Attach Form 8962 . . . . .	69	
<b>Refund</b>	70	Amount paid with request for extension to file . . . . .	70	
	71	Excess social security and tier 1 RRTA tax withheld . . . . .	71	
	72	Credit for federal tax on fuels. Attach Form 4136 . . . . .	72	
	73	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Rerated c <input type="checkbox"/> Rerated d <input type="checkbox"/> . . . . .	73	
	74	Add lines 64, 65, 66a, and 67 through 73. These are your <b>total payments</b> . . . . .	74	
	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you <b>overpaid</b> . . . . .	75	
	76a	Amount of line 75 you want <b>refunded to you</b> . If Form 8888 is attached, check here . . . . .	76a	
	76b	Routing number . . . . .	76b	
	76c	Account number . . . . .	76c	
	77	Amount of line 75 you want <b>applied to your 2015 estimated tax</b> . . . . .	77	
<b>Amount You Owe</b>	78	<b>Amount you owe.</b> Subtract line 74 from line 63. For details on how to pay, see instructions . . . . .	78	
	79	Estimated tax penalty (see instructions) . . . . .	79	

15

Form <b>8962</b>	<b>Premium Tax Credit (PTC)</b>	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	► Attach to Form 1040, 1040A, or 1040NR. ► Information about Form 8962 and its separate instructions is at <a href="http://www.irs.gov/form8962">www.irs.gov/form8962</a> .	<b>2014</b> Attachment Sequence No. 73
Name shown on your return	Your social security number	Relief (see instructions) <input type="checkbox"/>
<b>Part 1: Annual and Monthly Contribution Amount</b>		
1 Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d . . . . .	1	
2a Modified AGI: Enter your modified AGI (see instructions) . . . . .	2a	
b Enter total of your dependents' modified AGI (see instructions) . . . . .	2b	
3 Household Income: Add the amounts on lines 2a and 2b . . . . .	3	
4 Federal Poverty Line: Enter the federal poverty amount as determined by the family size on line 1 and the federal poverty table for your state of residence during the tax year (see instructions). Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input type="checkbox"/> Other 48 states and DC . . . . .	4	
5 Household Income as a Percentage of Federal Poverty Line: Divide line 3 by line 4. Enter the result rounded to a whole percentage. (For example, for 1.542 enter the result as 154, for 1.549 enter as 155.) (See instructions for special rules.) . . . . .	5	%
6 Is the result entered on line 5 less than or equal to 400%? (See instructions if the result is less than 100%.) <input type="checkbox"/> Yes. Continue to line 7. <input type="checkbox"/> No. You are not eligible to receive PTC. If you received advance payment of PTC, see the instructions for how to report your Excess Advance PTC Repayment amount.		
7 Applicable Figure: Using your line 5 percentage, locate your "applicable figure" on the table in the instructions . . . . .	7	
8a Annual Contribution for Health Care: Multiply line 3 by line 7 . . . . .	8a	
b Monthly Contribution for Health Care: Divide line 8a by 12. Round to whole dollar amount . . . . .	8b	
<b>Part 2: Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit</b>		
9 Did you share a policy with another taxpayer or get married during the year and want to use the alternative calculation? (see instructions) <input type="checkbox"/> Yes. Skip to Part 4, Shared Policy Allocation, or Part 5, Alternative Calculation for Year of Marriage. <input type="checkbox"/> No. Continue to line 10.		

16



Form 1040A (2014) Page **2**

**Tax, credits, and payments**

**22** Enter the amount from line 21 (adjusted gross income). **22**

**23a** Check ☐ You were born before January 2, 1950, ☐ Blind ☒ Total boxes checked **▶ 23a** ☐

If: ☐ Spouse was born before January 2, 1950, ☐ Blind ☒

**b** If you are married filing separately and your spouse itemizes deductions, check here **▶ 23b** ☐

**24** Enter your **standard deduction**. **24**

**25** Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-. **25**

**26** **Exemptions.** Multiply \$3,950 by the number on line 6d. **26**

**27** Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. **▶ 27**

This is your **taxable income**.

**28** **Tax**, including any alternative minimum tax (see instructions). **28**

**29** Excess advance premium tax credit repayment. Attach Form 8962. **29**

**30** Add lines 28 and 29. **30**

**31** Credit for child and dependent care expenses. Attach Form 2441. **31**

**32** Credit for the elderly or the disabled. Attach Schedule R. **32**

**33** Education credits from Form 8863, line 19. **33**

**34** Retirement savings contributions credit. Attach Form 8880. **34**

**35** Child tax credit. Attach Schedule 8812, if required. **35**

**36** Add lines 31 through 35. These are your **total credits**. **36**

**37** Subtract line 36 from line 30. If line 36 is more than line 30, enter -0-. **37**

**38** Health care: individual responsibility (see instructions). Full-year coverage ☐ **38**

**39** Add line 37 and line 38. This is your **total tax**. **39**

**40** Federal income tax withheld from Forms W-2 and 1099. **40**

**41** 2014 estimated tax payments and amount applied from 2013 return. **41**

**42a** **Earned income credit (EIC)**. **42a**

**b** Nontaxable combat pay election. **42b**

**43** Additional child tax credit. Attach Schedule 8812. **43**

**44** American opportunity credit from Form 8863, line 8. **44**

**45** Net premium tax credit. Attach Form 8962. **45**

**46** Add lines 40, 41, 42a, 43, 44, and 45. These are your **total payments**. **▶ 46**

**Standard Deduction for—**

- People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.
- All others:
  - Single or Married filing separately, \$6,200
  - Married filing jointly or Qualifying widow(er), \$12,400
  - Head of household, \$9,100

If you have a qualifying child, attach Schedule EIC.

17

Form **1040EZ** Department of the Treasury—Internal Revenue Service

**Income Tax Return for Single and Joint Filers With No Dependents (99)** **2014** OMB No. 1545-0047

Your first name and initial Last name

If a joint return, spouse's first name and initial Last name

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Foreign country name Foreign province/state/country Foreign postal code

**Income**

**1** Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2. **1**

**2** Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ. **2**

**3** Unemployment compensation and Alaska Permanent Fund dividends (see instructions). **3**

**4** Add lines 1, 2, and 3. This is your **adjusted gross income**. **4**

**5** If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back.  
☐ You ☐ Spouse  
 If no one can claim you (or your spouse if a joint return), enter \$10,150 if single; \$20,300 if married filing jointly. See back for explanation. **5**

**6** Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your **taxable income**. **▶ 6**

**7** Federal income tax withheld from Form(s) W-2 and 1099. **7**

**8a** **Earned income credit (EIC)** (see instructions) **8a**

**b** Nontaxable combat pay election. **8b**

**9** Add lines 7 and 8a. These are your **total payments and credits**. **▶ 9**

**10** **Tax.** Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line. **10**

**11** Health care: individual responsibility (see instructions). Full-year coverage ☐ **11**

**12** Add lines 10 and 11. This is your **total tax**. **12**

**13a** If line 9 is larger than line 12, subtract line 12 from line 9. This is your **refund**. If Form 8888 is attached, check here ☐ **13a**

**Refund**

Have it directly deposited? See instructions and fill in 13b, 13c.

**b** Routing number  **c** Type: ☐ Checking ☐ Savings

18

Form <b>1095-A</b>	<b>Health Insurance Marketplace Statement</b>	OMB No. 1545-0052	<b>2014</b>
Department of the Treasury Internal Revenue Service		Information about Form 1095-A and its separate instructions is at <a href="http://www.irs.gov/form1095a">www.irs.gov/form1095a</a> .	
		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
<b>Part I Recipient Information</b>			
1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name	
4 Recipient's name	5 Recipient's SSN	6 Recipient's date of birth	
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)	
13 City or town	14 State or province	15 Country and ZIP or foreign postal code	
<b>Part II Coverage Household</b>			
A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date
E. Covered Individual Termination Date			
16			
17			
18			
19			
20			
<b>Part III Household Information</b>			
Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January			
22 February			

19

Form <b>1095-B</b>	<b>Health Coverage</b>	OMB No. 1545-0052	<b>2014</b>
Department of the Treasury Internal Revenue Service		Information about Form 1095-B and its separate instructions is at <a href="http://www.irs.gov/form1095b">www.irs.gov/form1095b</a> .	
		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
<b>Part I Responsible Individual (Policy Holder)</b>			
1 Name of responsible individual	2 Social security number (SSN)	3 Date of birth (if SSN is not available)	
4 Street address (including apartment no.)	5 City or town	6 State or province	
7 Country and ZIP or foreign postal code	8 Enter letter identifying Origin of the Policy (see instructions for details)		
9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable			
<b>Part II Employer Sponsored Coverage (If Line 8 is A or B, complete this part.)</b>			
10 Employer name	11 Employer identification number (EIN)		
12 Street address (including room or suite no.)	13 City or town	14 State or province	
15 Country and ZIP or foreign postal code			
<b>Part III Issuer or Other Coverage Provider</b>			
16 Name	17 Employer identification number (EIN)	18 Contact telephone number	
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code
<b>Part IV Covered Individuals (Enter the information for each covered individual(s).)</b>			
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months
(e) Months of coverage			
			Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
23			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
24			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
25			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
26			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
...			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

20

**DRAFT AS OF August 28, 2014 DO NOT FILE**

**Form 1095-C** **Employer-Provided Health Insurance Offer and Coverage** OMB No. 1545-0047 **2014**

Department of the Treasury Internal Revenue Service

☐ VOID ☐ CORRECTED

**Part I Employee**

1 Name of employee 2 Social security number (SSN) 3 Name of employer 4 Employer identification number (EIN)

5 Street address (including apartment no.) 6 Street address (including name of care recipient) 7 Contact telephone number

8 City or town 9 State or province 10 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code

**Part II Employee Offer and Coverage**

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

**Part III Covered Individuals**

If Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



# Health Care Law: What's New for Individuals & Families

Affordable Care Act (ACA)



PUBLICATION  
**5187**  
TAX YEAR 2014

## Estate Tax

- **The American Taxpayer Relief Act of 2012 (ATRA) permanently provides for a maximum federal estate tax rate of 40 percent with an annually inflation adjustment for estates of decedents dying after December 31, 2011.**
- **The maximum estate tax rate for estates of decedents dying after December 31, 2010 and before January 1, 2013 was 35 percent with a \$5 million exclusion (indexed for inflation for 2012 at \$5.12 million).**
- **The 40% estate tax rate and inflation adjustment exemption are “permanent.”**
- **Accordingly, for 2014, the inflation-adjusted exemption amount is \$5,340,000. This translates into a unified credit of \$2,081,800 for 2014.**

23

Tax status and size of gross estate	2013 Gross estate for tax purposes		2012 Gross estate for tax purposes	
	Number	Amount	Number	Amount
All Returns	10,568	138,704,642	9,412	124,320,687
Under \$5 million	1,053	3,736,167	988	3,556,727
\$5 million < \$10 million	6,206	41,843,297	5,804	38,960,265
\$10 million < \$20 million	2,158	29,164,299	1,723	23,040,271
\$20 million or more	854	25,517,927	896	58,763,424
\$50 million or more	297	38,442,952		
All Taxable Returns	4,687	76,384,517	3,738	62,445,840
Under \$5 million	427	1,443,883	331	1,191,108
\$5 million < \$10 million	2,401	16,872,751	2,114	14,631,056
\$10 million < \$20 million	1,161	15,833,060	798	10,769,667
\$20 million or more	508	15,358,930	495	35,854,009
\$50 million or more	190	26,875,893		
All Nontaxable Returns	5,881	62,320,125	5,673	61,874,848
Under \$5 million	626	2,292,284	657	2,365,619
\$5 million < \$10 million	3,805	24,970,546	3,690	24,329,210
\$10 million < \$20 million	997	13,331,240	925	12,270,604
\$20 million or more	346	10,158,997	401	22,909,415
\$50 million or more	107	11,567,059		

Tax status and size of gross estate	2011 Gross estate for tax purposes	
	Number	Amount
All Returns	4,588	48,009,811
Under \$3.5 million	601	1,427,959
\$3.5 million < \$5.0 million	990	4,129,975
\$5.0 million < \$10.0 million	2,110	13,874,974
\$10.0 million < \$20.0 million	563	7,531,234
\$20.0 million or more	324	21,045,670
All Taxable Returns	1,480	19,832,684
Under \$3.5 million	174	428,126
\$3.5 million < \$5.0 million	278	1,181,171
\$5.0 million < \$10.0 million	654	4,443,130
\$10.0 million < \$20.0 million	218	2,967,290
\$20.0 million or more	156	10,812,968
All Nontaxable Returns	3,108	28,177,127
Under \$3.5 million	427	999,833
\$3.5 million < \$5.0 million	712	2,948,804
\$5.0 million < \$10.0 million	1,456	9,431,844
\$10.0 million < \$20.0 million	345	4,563,945
\$20.0 million or more	168	10,232,702

24

Tax status and size of gross estate	2010 Gross estate for tax purposes	
	Number	Amount
All Returns	15,191	130,195,505
Under \$3.5 million	3,306	8,404,649
\$3.5 million < \$5.0 million	5,027	20,851,245
\$5.0 million < \$10.0 million	4,439	30,016,010
\$10.0 million < \$20.0 million	1,526	20,828,411
\$20.0 million or more	892	50,095,190
All Taxable Returns	6,711	69,151,158
Under \$3.5 million	1,325	3,617,934
\$3.5 million < \$5.0 million	1,912	8,034,067
\$5.0 million < \$10.0 million	2,106	14,376,020
\$10.0 million < \$20.0 million	825	11,321,355
\$20.0 million or more	543	31,801,782
All Nontaxable Returns	8,479	61,044,347
Under \$3.5 million	1,981	4,786,715
\$3.5 million < \$5.0 million	3,115	12,817,178
\$5.0 million < \$10.0 million	2,333	15,639,990
\$10.0 million < \$20.0 million	701	9,507,057
\$20.0 million or more	349	18,293,407

25

## Gift Tax

- ATRA-2012 provides a maximum 40 percent gift tax rate and a unified estate and gift tax exemption of \$5 million (inflation adjusted) for gifts made after 2012.
- The maximum gift tax rate for gifts made after December 31, 2010 and before January 1, 2013 was 35 percent with a \$5 million exclusion (indexed for inflation for 2012 at \$5.12 million). Effective January 1, 2013, the maximum federal gift tax rate was scheduled to revert to 55 percent with an applicable exclusion amount of \$1 million (not indexed for inflation), its levels before enactment of tax law changes in 2001 and subsequent legislation.
- The 40% gift tax rate and \$5 million inflation-adjusted exemption are “permanent”. As with the estate tax, for 2014, the inflation-adjusted exemption amount is \$5,340,000. This translates into a unified credit of \$2,081,800 for 2014.

26

## **Generation Skipping Tax**

- **ATRA provides a maximum 40 percent generation-skipping tax rate and a generation-skipping tax exemption of \$5 million (inflation adjusted) for gifts made after 2012. The GST exemption for 2014 is \$5,340,000.**
- **ATRA also extends a number of important GST tax-related provisions that were scheduled to expire after 2012. They include the GST deemed allocation and retroactive allocation provisions; clarification of valuation rules with respect to the determination of the inclusion ratio for GST tax purposes; provisions allowing for a qualified severance of a trust for purposes of the GST tax; and relief from late GST allocations and elections. All of these provisions were enhancements to the complex GST rules to make them easier to use, and all have been now made permanent.**

27

## **Portability**

**ATRA extended permanently the concept of portability, which generally allows the estate of a surviving spouse to utilize the unused portion of the estate tax applicable exclusion amount of his or her last predeceased spouse.**

28

<b>Form 706</b> (Rev. August 2013) Department of the Treasury Internal Revenue Service	<b>United States Estate (and Generation-Skipping Transfer)          Tax Return</b> <small>► Estate of a citizen or resident of the United States (see instructions). To be filed for decedents dying after December 31, 2012.          ► Information about Form 706 and its separate instructions is at <a href="http://www.irs.gov/form706">www.irs.gov/form706</a>.</small>	OMB No. 1545-0015			
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; border-bottom: 1px solid black;">1a Decedent's first name and middle initial (and maiden name, if any)</td> <td style="width: 33%; border-bottom: 1px solid black;">1b Decedent's last name</td> <td style="width: 33%; border-bottom: 1px solid black;">2 Decedent's social security no.</td> </tr> </table>			1a Decedent's first name and middle initial (and maiden name, if any)	1b Decedent's last name	2 Decedent's social security no.
1a Decedent's first name and middle initial (and maiden name, if any)	1b Decedent's last name	2 Decedent's social security no.			
Form 706 (Rev. 8-2013)					
Estate of:		Decedent's social security number			
<b>Part 6—Portability of Deceased Spousal Unused Exclusion (DSUE)</b>					
<b>Portability Election</b> A decedent with a surviving spouse elects portability of the deceased spousal unused exclusion (DSUE) amount, if any, by completing and timely-filing this return. No further action is required to elect portability of the DSUE amount to allow the surviving spouse to use the decedent's DSUE amount.					
<b>Section A. Opting Out of Portability</b> The estate of a decedent with a surviving spouse may opt out of electing portability of the DSUE amount. Check here and do not complete Sections B and C of Part 6 only if the estate opts <b>NOT</b> to elect portability of the DSUE amount. <input type="checkbox"/>					
<b>Section B. QDOT</b> Are any assets of the estate being transferred to a qualified domestic trust (QDOT)? . . . . . <table style="float: right; border: 1px solid black;"> <tr> <td style="padding: 2px 5px;">Yes</td> <td style="padding: 2px 5px;">No</td> </tr> </table>			Yes	No	
Yes	No				
<small>If "Yes," the DSUE amount portable to a surviving spouse (calculated in Section C, below) is preliminary and shall be redetermined at the time of the final distribution or other taxable event imposing estate tax under section 2056A. See instructions for more details.</small>					
<b>Section C. DSUE Amount Portable to the Surviving Spouse</b> (To be completed by the estate of a decedent making a portability election.)					

## Same Sex Couples

- DOMA and the Windsor case require same sex couples legally married in a jurisdiction that recognizes same sex marriage to file joint Federal tax returns.
- Estate and gift tax implications would follow.

## **Individual Income Tax Issues**

- **Net Investment Income Tax**
- **Additional .9% Medicare Tax**
- **Limitation on Itemized Deductions (PEASE)**
- **Phase out of Personal Exemptions (PEP)**

31

## **Historical Highest Individual Tax Rates**

- **39.6 percent: Top tax rate in 2000**
- **31 percent: Top tax rate in 1991**
- **50 percent: Top tax rate in 1986**
- **70 percent: Top tax rate in 1980**
- **91 percent: Top tax rate in 1963**
- **84.4 percent: Top tax rate in 1950**
- **94 percent: Top tax rate in 1945**
- **79 percent: Top tax rate in 1939**
- **63 percent: Top tax rate in 1935**
- **25 percent: Top tax rate in 1931**
- **46 percent: Top tax rate in 1924**
- **73 percent: Top tax rate in 1921**
- **7 percent: Top tax rate in 1915**

32



### Key Amounts-2014(39.6 Bracket)

	Single	MFJ	HOH	MFS
39.6% Bracket (Taxable Income)	≥\$406,750	≥\$457,600	≥\$425,000	≥\$225,000
Pease (AGI)	≥\$254,200	≥\$305,050	≥\$254,200	≥\$152,525
PEP (AGI)	≥\$254,200	≥\$305,050	≥\$279,650	≥\$152,525
PEP Complete Phaseout (AGI)	\$376,700	\$427,550	\$402,150	\$213,775

33

### Individual Tax Rates

- All the individual marginal tax rates under EGTRRA and JGTRRA are retained (10%, 15%, 25%, 28%, 33%, and 35%).
- A top rate of 39.6% is imposed on taxable income over \$400,000 for single filers, \$425,000 for head-of-household filers, and \$450,000 for married taxpayers filing jointly (\$225,000 for each married spouse filing separately).

34

## Capital Gains and Dividends

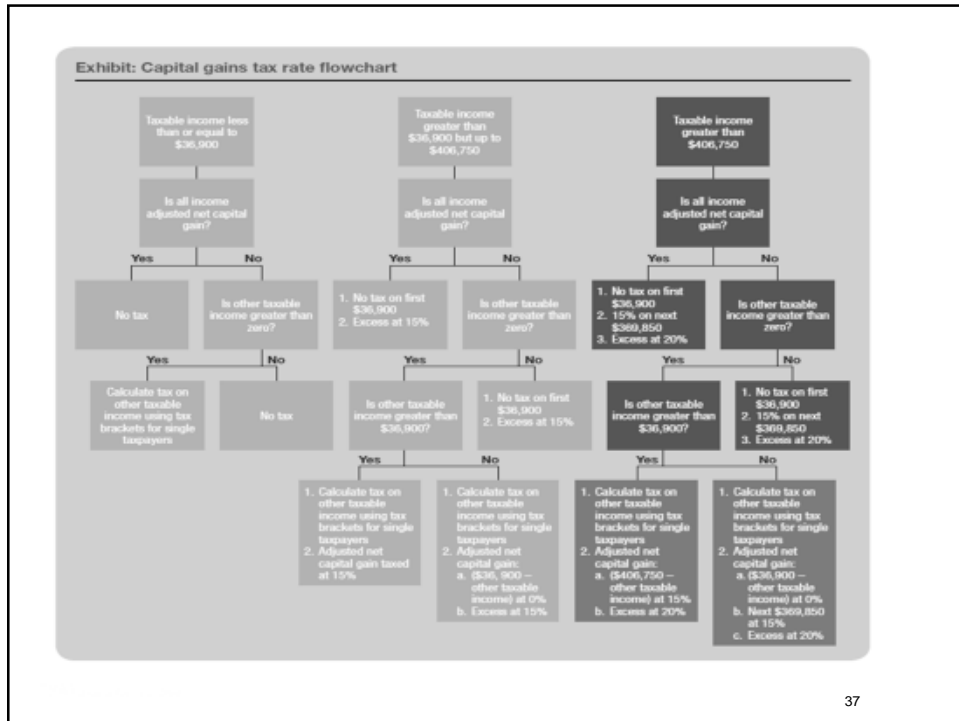
- A 20% rate applies to capital gains and dividends for individuals above the top income tax bracket threshold.
- The 15% rate is retained for taxpayers in the middle (25%, 28%, 33%, and 35%) brackets.
- The zero rate is retained for taxpayers in the 10% and 15% brackets.

35

## Qualified Dividends and Capital Gains Flowchart

[http://www.aicpa.org/Publications/TaxAdviser/2014/October/Pages/Tax\\_Clinic\\_04.aspx](http://www.aicpa.org/Publications/TaxAdviser/2014/October/Pages/Tax_Clinic_04.aspx)

36



## 2014 Tax Rates

### Married Individuals Filing Joint Returns and Surviving Spouses

If Taxable Income Is:	The Tax Is:
Not over \$18,150	10% of the taxable income
Over \$18,150 but not over \$73,800	\$1,815 plus 15% of the excess over \$18,150
Over \$73,800 but not over \$148,850	\$10,162.50 plus 25% of the excess over \$73,800
Over \$148,850 but not over \$226,850	\$28,925 plus 28% of the excess over \$148,850
Over \$226,850 but not over \$405,100	\$50,765 plus 33% of the excess over \$226,850
Over \$405,100 but not over \$457,600	\$109,587.50 plus 35% of the excess over \$405,100
Over \$457,600	\$127,962.50 plus 39.6% of the excess over \$457,600

### Unmarried Individuals (other than Surviving Spouses and Heads of Households)

If Taxable Income Is:	The Tax Is:
Not over \$9,075	10% of the taxable income
Over \$9,075 but not over \$36,900	\$907.50 plus 15% of the excess over \$9,075
Over \$36,900 but not over \$89,350	\$5,081.25 plus 25% of the excess over \$36,900
Over \$89,350 but not over \$186,350	\$18,193.75 plus 28% of the excess over \$89,350
Over \$186,350 but not over \$405,100	\$45,353.75 plus 33% of the excess over \$186,350
Over \$405,100 but not over \$406,750	\$117,541.25 plus 35% of the excess over \$405,100
Over \$406,750	\$118,118.75 plus 39.6% of the excess over \$406,750

# 2014 Trust and Estate Rates

## Estates and Trusts

<i><b>If Taxable Income Is:</b></i>	<i><b>The Tax Is:</b></i>
Not over \$2,500	15% of the taxable income
Over \$2,500 but not over \$5,800	\$375 plus 25% of the excess over \$2,500
Over \$5,800 but not over \$8,900	\$1,200 plus 28% of the excess over \$5,800
Over \$8,900 but not over \$12,150	\$2,068 plus 33% of the excess over \$8,900
<b><u>Over \$12,150</u></b>	<b><u>\$3,140.50 plus 39.6% of the excess over \$12,150</u></b>

39

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Certified Public Accountants



# .9% Medicare Hospital Insurance (HI) Tax

**CPA** America Counts on CPAs®

40

### New Medicare Withholding on Self-Employed Income

**Additional 0.9% on self-employed income in excess of:**

**\$250,000 MFJ/ \$125,000 MFS**

**\$200,000 Single and H of H**

**Threshold reduced by wages reported EXAMPLE: If self-employed also has W-2 for**

**\$75,000, liability starts at \$125,000 (S)**


**and \$175,000 (MFJ)**

41


- **2.35% Medicare tax (regular 1.45% Medicare tax + 0.9% additional Medicare tax) on all wages in excess of \$200,000 (\$250,000 for joint returns; \$125,000 for married taxpayers filing a separate return). (Code Sec. 3101(b)(2))**
- **3.8% (2.90% regular Medicare tax + 0.9% additional Medicare tax) on all self-employment income in excess of \$200,000 (\$250,000 of combined self-employment income on a joint return, \$125,000 for married taxpayers filing a separate return). (Code Sec. 1401(b)(2))**

42

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# 3.8% Net Investment Income Tax

 America Counts on CPAs®

43

What's Taxed

Dividends  
Capital Gains  
Rents  
Royalties  
Interest  
Some Annuity Income

What Isn't Taxed

Retirement-Account Payouts  
Social Security Benefits  
Pension Payments  
Life-Insurance Proceeds  
Municipal-Bond Interest  
Veterans' Benefits

# 3.8%

Tax Bait

Total dividend payouts on stocks in the Standard & Poor's 500

2012*	\$132 billion
2011	240
2010	205
2009	196

\*As of June 29  
Source: S&P Indices

**Medicare Tax on Unearned Income**  
**Additional 3.8% Medicare tax on the lesser of:**  
**Net investment income *or***  
**Modified AGI in excess of**  
**250,000 MFJ/ \$125,000 M FS**  
**\$200,000 Single and H of H**  
**Highest marginal rate 43.4% (39.6 + 3.8)**  
**(43.4% +1.2% effect of phase out of itemized**  
**deductions + 6% Louisiana tax=50.6%)**

45

- **What is included in Net Investment Income?**

In general, investment income includes, but is not limited to: interest, dividends, capital gains, rental and royalty income, non-qualified annuities, income from businesses involved in trading of financial instruments or commodities, and businesses that are passive activities to the taxpayer (within the meaning of IRC section 469). To calculate your Net Investment Income, your investment income is reduced by certain expenses properly allocable to the income.

- **What are some common types of income that are not Net Investment Income?**

Wages, unemployment compensation; operating income from a nonpassive business, Social Security Benefits, alimony, tax-exempt interest, self-employment income, Alaska Permanent Fund Dividends (see Rev. Rul. 90-56, 1990-2 CB 102) and distributions from certain Qualified Plans (those described in sections 401(a), 403(a), 403(b), 408, 408A, or 457(b)).

46

## LDR Position on NII and Additional Medicare Tax

**“For purposes of determining the “federal income tax liability” for tax years beginning on or after January 1, 2013, any Net Investment Income Tax paid will be included in the taxpayer’s federal income tax liability and will, therefore, be included in the taxpayer’s federal income tax deduction. The Additional Medicare Tax will not be included in the taxpayer’s federal income tax liability for the purpose of determining the taxpayer’s federal income tax deduction.”**

47

## Individual Return-Example 1

INCOME	2013
Interest income.	198
Dividend income.	5,600
Business income.	192,244
Capital gain or loss	-3,000
Taxable IRA distributions	2,064
Taxable pensions	100,611
Rent, royalty, partnership, SCorp, trust	240,027
Taxable social security benefits	37,789
Total income	575,533
ADJUSTMENTS TO INCOME	
Deductible part of self-employment tax. . .	9,624
Self-employed SEP, SIMPLE, qual. plans. . .	0
Self-employed health insurance.	6,576
Total adjustments	16,200
Adjusted gross income	559,333
ITEMIZED DEDUCTIONS	
Taxes	25,563
Interest	9,957
Contributions.	4,258
Overall itemized deductions limitation. . .	-7,780
Total itemized deductions	31,998

TAX COMPUTATION	
Standard deduction	14,600
Larger of itemized or standard deduction	31,998
Income prior to exemption deduction	527,335
<b>Exemption deduction</b>	<b>0</b>
Taxable income	527,335
Tax before credits	155,512
CREDITS	
Foreign tax credit	277
Credit for prior year minimum tax	0
Total credits.	277
Tax after credits	155,235
OTHER TAXES	
Self-employment tax.	19,247
<b>Other taxes.</b>	<b>8,892</b>
Total tax.	183,374

**Itemized Deduction Limitation  
(PEASE) \$ 7,780**  
**Other taxes**  
**Additional .9% Medicare Tax \$ -**  
**Net Investment Income Tax \$ 8,892**  
**\$ 16,672**

48



## Individual Return-Example 2

INCOME		TAX COMPUTATION	
Interest income.	44,172	Standard deduction	13,400
Dividend income.	86,092	Larger of itemized or standard deduction	87,904
Refunds of state and local taxes	28,863	Income prior to exemption deduction	2,386,651
Business income.	668,759	<b>Exemption deduction</b>	• 0
Capital gain or loss	343,873	Taxable income	2,386,651
Form 4797 gains or losses	5	Tax before credits	819,737
Taxable IRA distributions	30,000	<b>CREDITS</b>	
Rent, royalty, partnership, S Corp, trust	1,276,839	Foreign tax credit	807
Farm income.	6,206	Total credits.	807
Taxable social security benefits	34,672	Tax after credits	818,930
Other income	0	<b>OTHER TAXES</b>	
Total income	2,519,481	Self-employment tax.	34,260
<b>ADJUSTMENTS TO INCOME</b>		Household employment taxes.	0
Health savings account deduction.	7,450	<b>Other taxes.</b>	<b>67,179</b>
Deductible part of self-employment tax. . .	17,130	Total tax.	920,369
Self-employed health insurance.	20,346		
Total adjustments	44,926		
Adjusted gross income	2,474,555		
<b>ITEMIZED DEDUCTIONS</b>			
Taxes	101,076		
Contributions.	52,065		
<b>Overall itemized deductions limitation.</b>	<b>-65,237</b>		
Total itemized deductions	87,904		

**Itemized Deduction Limitation (PEASE) \$ 65,237**  
**Other taxes**  
**Additional .9% Medicare Tax \$ 3,360**  
**Net Investment Income Tax \$ 63,819**  
**\$132,416**

49

## Trust Return

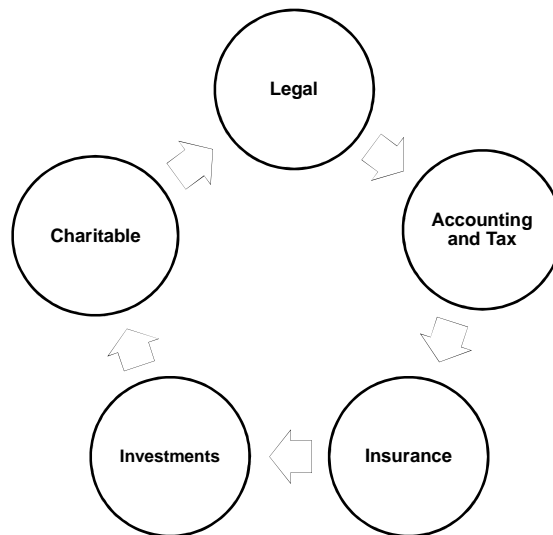
	With Income Distribution	Without Income Distribution
Interest income	3,862	3,862
Ordinary dividends	13,051	13,051
Capital gain (loss)	81,219	81,219
Rent, royalty, partnership, estates 1	262,261	262,261
Total income	360,393	360,393
<b>DEDUCTIONS</b>		
Charitable deduction	928	928
Other deductions (non 2%)	699	699
Allowable misc. itemized deductions	385	0
Total	2,012	1,627
<b>ADJUSTED TOTAL INCOME</b>		
Adjusted total income	358,381	358,766
<b>Income distribution deduction</b>	<b>358,381</b>	
Exemption	100	100
Total other deductions	358,481	
<b>TAX COMPUTATION</b>		
Taxable income	-100	358,666
<b>Tax</b>		<b>123,905</b>
Foreign tax credit		87
<b>Net Investment income tax</b>		<b>12,237</b>
Total Tax		137,055

50

## Planning Considerations

51

## The Whole Team Has To Be Involved

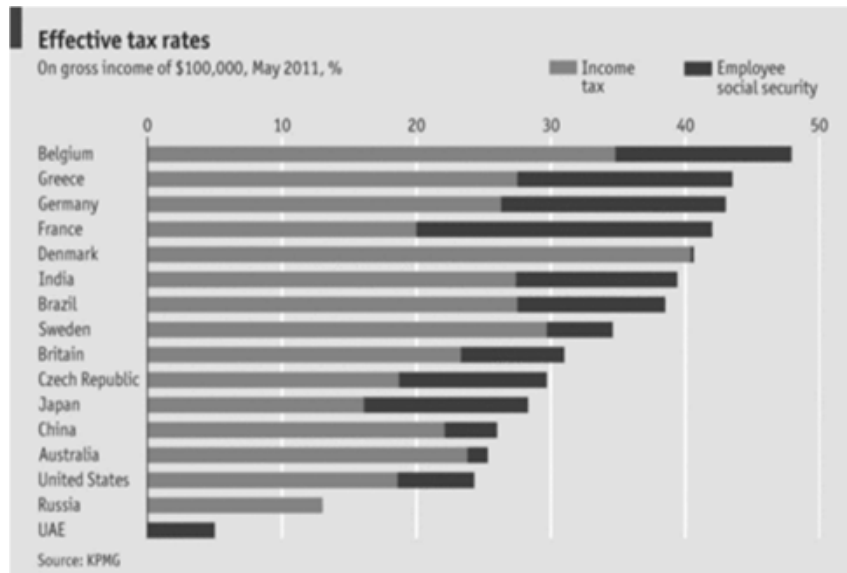


52

## Planning Considerations

- Legal
- Estate
- Gift
- Income Tax
- Investments
- Insurance
- Charity

53



54

## Reform Ideas



55

Figure 6: Tax Rates Under Various Scenarios

	Bottom Rate		Middle Rate		Top Rate		Corporate Rate
Current Rates for 2010	10%	15%	25%	28%	33%	35%	35%
Scheduled Rates for 2011	15%		28%	31%	36%	39.6%	35%
Eliminate all Tax Expenditures*	8%		14%		23%		26%
Keep Child Tax Credit + EITC*	9%		15%		24%		26%
Enact Illustrative Tax Plan (Below)*	12%		22%		28%		28%

\*Dedicates \$80 billion to deficit reduction in 2015 and taxes capital gains and dividends as ordinary income.

Figure 7: Illustrative Individual Tax Reform Plan

	Current Law	Illustrative Proposal (Fully Phased In)
<b>Tax rates for Individuals</b>	In 2010, six brackets: 10%(15%)(25%) 28%(33%)(35%. In 2011, five brackets: 15%(28%)(31%)(36%)(39.6%.	Three brackets: 12%(22%)(28%
<b>Alternative Minimum Tax</b>	Scheduled to hit middle-income individuals but "patched" annually.	Permanently repealed
<b>PEP and Pease*</b>	Repealed for 2010, resumes in 2011.	Permanently repealed
<b>EITC and Child Tax Credit</b>	Partially refundable child tax credit of \$1000 per child. Refundable EITC of between \$457 and \$5,666.	Maintain current law or an equivalent alternative.
<b>Standard Deduction and Exemptions</b>	Standard deduction of \$5,700 (\$11,400 for couple) for non-itemizers; personal and dependent exemptions of \$3,650.	Maintain current law; itemized deductions eliminated, so all individuals take standard deductions.
<b>Capital Gains and Dividends</b>	In 2010, top rate of 15% for capital gains and dividends. In 2011, top rate of 20% for capital gains, and dividends taxed as ordinary income*.	All capital gains and dividends taxed at ordinary income rates*.
<b>Mortgage Interest</b>	Deductible for itemizers. Mortgage capped at \$1 million for principal and second residences, plus an additional \$100,000 for home equity.	12% non-refundable tax credit available to all taxpayers; Mortgage capped at \$500,000; No credit for interest from second residence and equity.
<b>Employer Provided Health Care Insurance</b>	Excluded from income. 40% excise tax on high cost plans (generally \$27,500 for families) begins in 2018; threshold indexed to inflation.	Exclusion capped at 75 <sup>th</sup> percentile of premium levels in 2014, with cap frozen in nominal terms through 2018 and phased out by 2038; Excise tax reduced to 12%.
<b>Charitable Giving</b>	Deductible for itemizers.	12% non-refundable tax credit available to all taxpayers; available above 2% of Adjusted Gross Income (AGI) floor.
<b>State and Municipal Bonds</b>	Interest exempt from income.	Interest taxable as income for newly-issued bonds.
<b>Retirement</b>	Multiple retirement account options with different contribution limits; saver's credit of up to \$1,000.	Consolidate retirement accounts; cap tax-preferred contributions to lower of \$20,000 or 20% of income; expand saver's credit.
<b>Other Tax Expenditures</b>	Over 150 additional tax expenditures.	Nearly all other income tax expenditures are eliminated*.

56

	Current Law	Illustrative Proposal (Fully Phased In)
<b>Corporate Tax Rates</b>	Multiple brackets, generally taxed at 35% for large corporations	One bracket: 28%
<b>Domestic Production Deduction</b>	Up to 9% deduction of Qualified Production Activities Income	Eliminated
<b>Inventory Methods</b>	Businesses may account for inventories under the Last In, First Out (LIFO) method of accounting	Eliminated with appropriate transition
<b>General Business Credits</b>	Over 30 tax credits	Eliminated
<b>Other Tax Expenditures</b>	Over 75 tax expenditures	Eliminated
<b>Taxation of Active Foreign-source Income</b>	Taxed when repatriated (deferral)	Territorial system
<b>Taxation of Passive Foreign-source Income</b>	Taxed currently under Subpart F	Maintain Current Law

57

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